

WEIL, GOTSHAL & MANGES LLP
700 Louisiana Street, Suite 1600
Houston, Texas 77027
Telephone: (713) 546-5000
Facsimile: (713) 224-9511
Alfredo R. Pérez

Attorneys for Debtors
and Debtors in Possession

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

-----X		
	:	
In re	:	Chapter 11 Case No.
	:	
LEHMAN BROTHERS HOLDINGS INC., et al.,	:	08-13555 (JMP)
	:	
Debtors.	:	(Jointly Administered)
	:	
-----X		

**DECLARATION OF ALFREDO R. PÉREZ IN SUPPORT
OF ORDER TO SHOW CAUSE AND NOTICE FIXING HEARING
TO CONSIDER LEHMAN BROTHERS HOLDINGS INC.'S MOTION
PURSUANT TO SECTION 363 OF THE BANKRUPTCY CODE FOR AUTHORITY
TO MAKE NEW DEBT INVESTMENT IN 237 PARK AVENUE PROPERTY**

I, Alfredo R. Pérez, being fully sworn, hereby declare that the following is true to the best of my knowledge, information, and belief:

1. I am an attorney admitted to practice before this Court and a partner of Weil, Gotshal & Manges LLP, attorneys for Lehman Brothers Holdings Inc. ("LBHI") and its affiliated debtors in the above-referenced chapter 11 cases (together, the "Debtors"). Unless otherwise indicated, I have knowledge of the facts set forth herein from various employees of the Debtors and from the Debtors' professionals.

2. I submit this declaration in support of the Order to Show Cause ("Order to Show Cause") in connection with the Debtors' motion, dated June 7, 2010 (Docket no. 9441, the

“Motion”)¹ pursuant to section 363 of title 11 of the United States Code (the “Bankruptcy Code”) for authority to use up to \$255.4 million of estate funds to make a new debt investment in 237 Park through the purchase the “B Note” tranche of senior debt.

3. Pursuant to the procedures set forth in the amended order entered on February 13, 2009 governing case management and administrative procedures for these cases [Docket No. 2837], the Motion requires at least twenty days’ notice, plus an additional one days’ notice for service by overnight delivery. The Debtors are requesting an order to shorten, by 13 days, the notice period ordinarily required and setting the date of June 16, 2010, for the hearing on the Motion.

The Need for Shortened Notice with Respect to the Motion

4. 237 Park Avenue (hereinafter “237 Park”) is a 21-story, 1,252,000 square-foot, high-rise building occupying the entire block-front on Park Avenue between 45th and 46th streets in New York City.

5. In August 2009, LBHI believed that the 100% equity holder of 237 Park, an affiliate of Broadway Partners (the “Borrower”) was unable to make its debt service payments on the \$255.4 million “B Note” tranche (the “B Note”) of the senior mortgage loan collateralized by 237 Park, and, as a result, LBHI began discussions with the current holder of the B Note, PRII 237 Park LLC (the “Seller”) regarding a potential restructuring.

6. Upon information and belief, beginning in the second quarter of 2010, the Seller began marketing the asset, and since that time has retained a broker to run a full sales process, and upon information and belief, there has been significant interest in acquiring the B Note.

¹ Capitalized terms used, but not defined herein shall have the meanings ascribed to such terms in the Motion.

7. Pursuant to the Motion LBHI seeks authority to purchase the B Note at a purchase price up to the par value of the B Note (\$255.4 million). LBHI will, however, negotiate, in consultation with the Official Committee of Unsecured Creditors, with the Seller to acquire the B Note at a more favorable price.

8. Cause exists to shorten the notice period ordinarily required for the Motion. The Seller has already retained a broker and begun the sale process for the B Note. Bids are due on June 18, 2010, and LBHI expects an expedited sales process to follow. Upon information and belief, in order for LBHI to be selected as the winning bidder, LBHI will have to have the authority to be able to consummate the sale and make any necessary deposits promptly. Furthermore, upon information and belief, a potential purchaser's ability to close and to do so quickly will be important factors in determining the winning bidder. As such, it is imperative that LBHI have authorization to purchase the B Note prior to the bid deadline of June 18, 2010.

9. Making a new investment into 237 Park by purchasing the B Note from the Seller has significant upside for LBHI and represents the best means of protecting LBHI's current investment in 237 Park of approximately \$437 million. Furthermore, based on LBHI's current multiple positions in the 237 Park debt structure, LBHI believes that it is the most natural and best buyer of the B Note.

10. LBHI believes that acquisition of the B Note at an attractive per square foot basis could yield significant recoveries to the estate, and, as such, is in the best interests of LBHI and its estate. Furthermore, acquisition of the B Note would enable LBHI to exert influence over the asset and enable LBHI to pursue multiple options to maximize recovery. Should LBHI succeed in acquiring the B Note, but fail to gain control of the asset, the estate anticipates that it will still collect scheduled interest and principal repayment at loan maturity and

be in a better position to protect its other positions in the debt structure and preserve the opportunity to maximize value for the estate.

11. Failure to obtain expedited Court approval could prevent LBHI from being in the position to acquire the B Note, to the detriment of its estate and creditors. Accordingly, the Debtors request that the Court enter the Order to Show Cause to proceed to shorten the notice period for the motion by 13 days, so the Motion can be considered on June 16, 2010 at 10:00 a.m. (New York time), with objections and responses, if any, to be received by June 14, 2010 at 5:00 p.m. (New York time).

Dated: June 8, 2010

/s/ Alfredo R. Pérez
Alfredo R. Pérez, Esq.